



# CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 29, 1998

## **S. 1418**

### **Methane Hydrate Research and Development Act of 1997**

*As ordered reported by the Senate Committee on Energy and Natural Resources  
on June 24, 1998*

#### **SUMMARY**

S. 1418 would authorize the Department of Energy (DOE) to begin a program of research and development in the use of methane hydrate as a source of energy, through grants, contracts, and cooperative agreements with universities and industrial enterprises. Deposits of methane hydrate occur in deep ocean and permafrost areas of the world, and consist of methane-water ice-like crystalline material. Based on information from DOE, CBO estimates that the proposed research program would cost about \$35 million over the next five years, assuming appropriation of the necessary amounts. S. 1418 would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply. The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of S. 1418 is shown in the following table. The costs of this legislation fall within budget function 270 (energy).

	By Fiscal Year, in Millions of Dollars				
	1999	2000	2001	2002	2003
<b>SPENDING SUBJECT TO APPROPRIATION</b>					
Estimated Authorization Level	5	5	11	12	12
Estimated Outlays	2	4	7	10	12

## **BASIS OF ESTIMATE**

For purposes of this estimate, we assume that S. 1418 will be enacted before the end of fiscal year 1998 and that outlays from the new program would occur at the same rate as observed for similar existing programs. The bill would authorize the appropriation of such sums as are necessary to conduct a research and development program. Based on information in DOE's 1998 program plan for methane hydrate, CBO estimates this activity would require appropriations totaling about \$45 million over the next five years.

**PAY-AS-YOU-GO CONSIDERATIONS:** None.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

S. 1418 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. Publicly owned universities would be eligible to receive research funds authorized by the bill.

**ESTIMATE PREPARED BY:** Kim Cawley

**ESTIMATE APPROVED BY:**

Robert A. Sunshine  
Deputy Assistant Director for Budget Analysis